Makes People Think All Is Going Well When Large Loans Are Raised, Regardless of How Much Munitions, Supplies and Labor Money Can Command—The Evidence of Undue Currency Expansion Here

in war times makes a nation more sus-Wilson and Secretary McAdoo marked a new step in the attitude of thinking Americans toward the subject. The apologists for inflation already seem hopelessly out of date and out of touch

Those writers, bankers and others tion right about war finance have dealt with inflation to a large extent in the abstract. There has been a need of crete formulas, of visualizing the prob-June number of "The American Eco-

the growth of trade in the United (Including item for speculative trans-States from 1914 to 1917 with the expansion of currency during the san period. He shows that currency e panded more rapidly than trade need and the result he calls inflation.

tThe Inevitable Evils

Of Credit Inflation

to Professor Kommerer catalogues the per cent is nearer the truth. "h is placing an unhe writes. "The gen- period. The table: erally accepted principle of justice in taxation is that taxes should be im posed in accordance with ability pay. Inflation is distributing th with this principle. It is blind and often cruel in the distribution of the war finance burden. It hits hardest those with fixed or comparatively fixed ncomes-many wage earners, a large part of the small salaried class, also vidows, orphans and educational and charitable institutions whose incomes are largely funded incomes which do not rise as the cost of living advances. extravagant profiteer. To millions of people throughout the United States the increase in the cost of living during the last two or three years has

bonds a money of increasingly low by the next table, was very large: ment will be called upon to pay back later, interest and principal, when presumably the price level will have fallen and the dollar will have a larger command over goods than at present. The bond buyer, in other words, is giving the government cheap money and will presumably be paid back in dearer against bank deposits of all commermoney. To the extent that the present bondholder and his heirs are the same persons who will be called upon to pay the taxes whose proceeds will be used by the government in the future to pay the principal and interest of the bonds there may be no harm: but to the extent that the taxpayers of the next generation are different persons from the bondholders grave injustice will

shows a pronounced growth in bank deposits since 1913, and that growth is the financing of the war, for it lulls the public, and often the authorities themselves, into the belief that it is getting the necessary wherewithal for financing the war more fully and more easily than it really is. If we infiate our circulating media enough we can doubtless float any loan we undertake. We can secure any sum of money we set out to secure, but that does not mean we shall secure the munitions, supplies and labor the obtaining of which is the only purpose of the government's securing the money. The money, of course, is only a means to an end. If we fail to secure the end an end. If we fail to secure the end showed that from 1913 to 1917 business itself it avails little that we have se- increased 21 per cent. During the cured what we originally thought same period the amount of money in

malignant results Professor Kemmerer outside of Federal Treasury vaults insees only two possible compensations. creased 76 per cent. Although the pro-First, "inflation brings rising prices, portion of the country's total money and rising prices within limits have a stimulating effect upon industry. The influence is largely psychological, but it is none the less real. This idea is an old one, and although it has some-clined slightly from 1915 to 1917, 1913 102 1917 178 times been disputed it is generally namely 56 to 54 per cent, the absolute

NFLATION is that which makes a and the War Finance Corporation, on of the Federal reserve system. Certain five-cent loaf of bread cost ten loans to non-essential industries and features of that revision have enabled ents. It is a condition which af- on the flotation by such industries of the average dollar in active circulation fects the plain man, not merely an ob- new securities; the inauguration of a to do more money work than formerly. subject for economists and so- rationing policy, and the resort to philosophers. Inflation comes taxes in an increasing degree as comwhen the volume of money-or cur- pared with bond issues as a means of reney-in the country increases more securing funds. Inflation as a delibera- We may conclude, therefore, with Am rapidly than the goods which money ate national policy should be tolerated

In times of inflation there is an over- In secking to gauge the extent of insupply of money, though the man with flation in this country Professor Kema fixed income would hardly be willing merer commences with a study of trade to concede the fact. Money as a result development from 1914 to 1917, using is cheap. The dollar is worth 60 cents such barometrical things as the proor less. And conversely commodities duction of pig iron, bituminous coal, The setting free of economic forces tistics and freight statistics for a basis.

ceptible to inflation than it is in nor- the average figures between 1910 and mal times. The evil results of unregu- 1914 as 100, Professor Kemmerer delated credit expansion are now coming velops the following table of trade to be understood. The uncompromising growth measured in other ways than

- 33	Growth	ot	Business	1910-'17
nr.	Ind	ov	No Veer	Inda

1910	93 1914		. 104
1911	95 1915		. 108
1912	102 1916		. 113
1913			
With the excep			
in 1914, when th	e war st	arted, the	fore-
going figures sh	ow a me	oderate g	rowth
of business eac	h year	from 19	10 to
1916 and a str	iking gr	rowth in	1917.
Comparison of			

m in terms of things familiar to all. year, with 1917 shows a business This Professor E. W. Kemmerer, of the growth of 21 per cent. If stock execonomics department of Princeton change transactions, which have fluc-University, has done in a paper in the tuated tremendously during the war and which are perhaps not such good growth can be developed: Index of the Growth of Rusiness

e	Year.	Index	No. Year	r.	Index	N
3	1910		96 1914			
8,	1911		95 1915			
	1912		102 1916			
	1913		102 1917			1
	This		ows an			

In order to show what inflation leads 1913. Professor Kemmerer thinks 21 10.6 cents supported the same load.

The next study in the paper consistproportion of the war's finan-led of an analysis of the growth of as reserve money, of 9.4 per cent. cial burden upon those least able monetary circulation during the same

n	Year.	Index	No.	Year.	Index	No
	1910			1914		
0	1911			1915		
e	1912			1916		
+			102	1917		148

that item. On either basis, therefore, they were 14.4 times that figure. If the figures show that since the last one excludes New York clearings, the year of peace the amount of money in respective figures are 5.9 and 6.1.

purchasing power, which the govern- Circulation of Gold and Gold Certifi-

1			cates		
3	Tear.		No. Year.	Index	No
1	910		92 1914		10
	911				
	912	*****	101 1916		15
10	918		105 1917		18

The increase in the circulation of gold and gold certificates, as is shown by the next table, was very large:

Circulation of Gold and Gold Certification of Sold and Gold Certification of Gold Gold

showed that from 1913 to 1917 business increased 21 per cent. During the same period the amount of money in circulation increased 45 per cent, and the country's supply of gold money outside of Federal Treasury vaults increased 76 per cent. Although the pro-Against this impressive array of the country's supply of gold money

"This result has been further promoted by the creation of the Federal to-hand circulation, namely, the proporthe country's business, and that the petroleum, copper, silver, building sta- average dollar is probably more efficient to-day than it was in 1913. This

rency. To what conclusions do our statistical inquiries lead upon that subject? In the first place, we may note Am that a slightly larger proportion of the total money of the country (outside Assos III co bank reserves against deposits now than in 1913, the property of the Federal Treasury) is held in than in 1913, the proportion having in- Atc creased from 44 per cent to 46 per cent. At Bir & A. It is in bank reserves that money finds A G L W I. its most efficient use. In the second Bald of money held in bank reserves against Barr The last item alone represents an increased efficiency of the dollar, acting

Heightened Efficiency

"It is probable that the efficiency checks has also increased since 1913 'This shows," the writer says, "an under the "speeding up" pressure of increase in the total monetary tircula- war needs, but on that point the availtion for 1917 of 45 per cent over that able evidence is inadequate to justify of 1913, while the volume of business a very positive judgment. Pointing in Col. the same time increased 21 per cent the direction of greater deposit curone excludes from the business in rency efficiency is the fact that in 1913 dex the item for number of shares sold the entire clearings of the country's on the New York Stock Exchange, and clearing houses were 13.4 times the it increased 26 per cent if one includes average bank deposit, while in 1917

circulation in the United States has "The evidence therefore shows that a increased very much more than the slightly larger proportion of the money physical volume of business to be of the country was in bank reserve in The increase in the circulation of cash in reserve increased much more gold and gold certificates, as is shown rapidly than the business of the coun-

Index Numbers of Wholesale Prices

commonies in consumption."

However, Mr. Kemmerer adds inflation as a conscious policy is to be tolerated only as a last resort. The pressure that inflation, he says, "exerts is ofter cruel and very inequitably distributed. Probably the benefits of inflation can be obtained by methods in relation can be obtained by methods in say the cultilities to 'non-essential industries'; restrictions, through the instrumentality of the Federal reserve authorities

elined slightly from 1913 to 1917, and 1918 to 1917, namely 56 to 54 per cent, the absolute amount outside of banks increased 40 per cent. If all exchanges were effected by means of money, and if money were no more and no less officient in 1917 than in 1913, an increase of 40 per cent in the money supply accompanied by an increase of only 21 per cent in the physical amount of business done would represent inflation and find expression in higher prices.

"At this particular time, however, there has been a very substantial inflation of the currency and circulating coming more efficient. This was the period of the revision of our Federal ity of the Federal reserve authorities and the inauguration in a very great rise in general prices affecting all sorts of commodities."

Active Securities

Bid and Asked Quotations

In Deposits Currency

of bank deposits themselves circulating through the instrumentality of

War's Duration

absolute needs unless we, its citizens, save—save to buy war savings stamps and Liberty bonds. We each have our part, our fair share, of the burden. Yours and mine—to save that we may resolutely and effectively support the government with our dollars—is so much the smaller part that we cannot fail to do our full duty. Save and lend your savings to the country; that is the true badge of patriotism for those of us who cannot go to the front and fight.

is the true badge of patriotism for those of us who cannot go to the front and fight.

"During the first months of our participation in the war many well intentioned men of affairs made the mistake of claiming that a nation-wide thrift movement would impede industrial and commercial activities. I cannot see it that way. Very naturally, curtailment must follow in a few non-seential continue until peace is declared, but it was to be expected that the immediate effect of a more general practice of economy would be a constantly increasing stream of money flowing into the national Treasury in payment for Liberty bonds, war savings stamps, etc. These aums, huge in the aggregate, promptly disbursed by the government and put back into the channels of trade, swell the grand total of business.

"While in time of peace an economy campaign would mean a practical hoarding of funds and much enforced idleness, until the cumulative effect of the saving would become a factor in the development of new enterprise, no such thing happens when the people was turning over to the government in exchange for its securities the money not absolutely needed for necessary current expenses and the government in exchange for its securities the money not absolutely needed for necessary current expenses and the government in exchange for its securities the money not be accomment and put back into the channels of trade, swell the grand total of business.

"While in time of peace an economy campaign would mean a practical hours are produced by the grand total of produced by the grand total of the

Consolidated Exchange

Dividends

Greenpoint National Bank—An extra dividend of 2 per cent in addition to the regular semi-annual dividend of 3 per cent has been declared, both payable July 1.

Special Dividends

Fifth Avenue National Bank-A spe-

cial dividend of 55 per cent has been clared in addition to the quarterly didend of 12½ per cent, both payable Jul to stockholders of record June 29.

Great Western Sugar Company—A special dividend of 10 per cent has been declared in addition to the regular quarterly dividends of 1% per cent on the common and preferred stocks, all payable July 2 to stockholders of record June 15.

Regular Declarations

Atlantic Steel Company.—Quarterly dividend of 1½ per cent on the common stock, payable July 1 to stockholders of record June 22. Boston & Providence Railroad Company.

Cincinnati Street Railway Company, uarterly dividend of 75 cents a share, pa

Curb Market

ility for the accuracy or authenticity of

curb market quotations. Transactions and

prices Saturday were reported as follows:

Industrials

Standard Oil

Sales. Open. High. Low. Last. 8000 Pierce Oil Cor. 161/s 161/s 157/s 16 10 *Std Oil (N Y) — 270 270

In the Dominion

Sales Thus Far This Year Almost Equal in Volume to American Manufacturing Company.—Quar-terly dividends of 1½ per cent on the com-mon and 1½ per cent on the preferred stocks, both payable July 1.

July 1 to stockholders of record June 20.

California Electric Generating Company.—
Quarterly dividend of 1½ per cent, payable
July 1 to stockholders of record June 22.

Canadian Westinghouse Company.—Quarterly dividend of 1½ per cent, payable July
2 to stockholders of record June 22. Colt's Patent Fire Arms Manufacturing Company.—Quarterly dividend of \$2.50 a share, payable July 1 to stockholders of record June 15. ord June 15.

Cumberland Pipe Line Company.—Dividend of \$6 a share, payable July 15 to stockholders of record June 29.

General Petroleum Company.—Quarterly dividend of 2½ per cent on the common stock, payable July 1 to stockholders of record June 15. ord June 15.

Great Northern Railway Company.—Quarterly dividend of \$1.75 a share, payable August 1 to stockholders of record July 3.

International Mercantile Marine Company.—Semi-annual dividend of 3 per cent, payable August 1 to stockholders of record July 15.

Commodities

were to be expected before the reopening of the market on Monday morning. The hope of increased trade demand after the price-fixing uncertainties have been disposed of is still in evidence and probably helped to steady the undertone of the market. It is rumored that allotments of freight room for July and August sailing from New York are relatively heavy, and that some of the certificated cotton her will be shipped out. There was no change in the news

		Day .	
	day.	before.	ago.
Cash	 30.50	30.50	27.15
Contracts:			
July	 26.44	26.52	26.77
October	24.61	24.57	26.63
December	24.23	24.18	26.73
January	24.05	24.01	26.81
March	 24.00	23.97	26.99

lb.

*Government prices.

Sustenance

Total for 1917,

(Special Correspondence to The Tribune)
TORONTO, June 22.—Forty-five million dollars of bonds have been placed in Canada, exclusive of Federal government borrowings, since January 1.

The majority of these have been absorbed by Canadian investors. It will be recalled that nearly a year ago the Dminion government issued a decree that no bond issues should be made in Canada without a special license from the Department and the control of the control of the food administration on Monday, when it is expected that the new alignment of values to be in effect during the coming season will be announced. The advance in rail rates makes this necessary, and it was thought that some slight differences in the differentials may be decided upon the Department a special license from the Department as precial license from the Department as precial license from the differentials may be decided upon the Department as precial license from the differentials may be decided upon the decided upon the decided upon the Department as precial license from the differentials may be decided upon the decided that no bond issues should be made in Canada without a special license from the Department of Finance at Ottawa. This was for the purpose of insuring success of the Victory Loan. For sevice all months after that comparatively few bond issues were made by municipalities and provincial governments. This spring, however, has witnessed a vigorous revival. All the new flotations were sanctioned by the government, in view of the strong financial condition of the country as a whole, the long period that elapses before the fifth war loan appears and because of the maturity of previous provincial and municipal loans that had to be refunded.

Municipal bond issues in the twelve months ended December 31 last

McCrory Stores Corporation.—Quarterly dividend of 13, per cent on the preferred stock, payable July 20 to stockholders of record June 21.

McCrory Stores Corporation.—Quarterly dividend of 13, per cent on the preferred stock, payable July 20 to stockholders of record June 21.

McCrory Stores Corporation.—Quarterly dividend of 13, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 13, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 12, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 15, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 15, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 50 cents as a proporation of 14, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 50 cents as a proporation of 14, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 50 cents as a proporation of 14, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 50 cents as a proporation of 14, per cent on the preferred stock, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 15, per cent on the preferred took, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 15, per cent on the preferred took, payable July 20 to stockholders of record July 16.

McCrory Stores Corporation.—Quarterly dividend of 15, per cent on the preferred took. Proporation of the preferred took of th

Cheese.—Receipts were 6,267 boxes. State whole milk, fresh, flats, specials, colored, per lb. 23\% @24c; white, 23\% @24c; average run, colored, 23\%c, white, 23\%c; lower grades, 21\@23c; twins, specials, 23\%@23\%c; average run, 23\%c, 23\%c, average run, 23\%c, 23\%c, c, average run, 23\%c, 24\%c; doubl daisies, 24c; Wisconsin whole mill fresh, twins, 23\%c, 23\%c; single daisies, 24\%c; double daisies, 24\%c, double daisies, 24\%c, double daisies, 23\%c, average daisies, 24\%c, double daisies, 24\%c, double daisies, 23\%c, average daisies, 24\%c, double daisies, 24\%c, double

15@26c; state, Pennsylvania and near by Western hennery whites, fine t fancy, 49@51c; ordinary to prime, 42@ 48c; gathered whites, ordinary to fin 42@48c; state, Pennsylvania and near by hennery browns, 40@43c; gathere brown and mixed colors, 34@39c.

Beans, marrow, choice, 100 lbs.\$13.00@ —
Peas, Scotch, 100 lbs. 12.00@12.25
Apples, S, nw, bsk 1.00@ 2.50
Potatoes, Ber, bbl 4.00@ 4.50
Grapefruit, Fla, bx. 1.50@ 6.00
Oranges, Fla, bx. 2.00@ 7.50

Fresh Poultry-Dressed

Turkeys.— In barrels, dry picked, young toms, average best, 30@31c; young hens, average best, 32@33c; poor, 25@28c; old toms, 30@32c.

our affairs will be on a more stable basis. We shall get away from the periods of great activity and extravagances, which logically have been followed by idleness and want, and into that condition where every one will be a little more careful of his expenses, but will soon govern the entire market.

Spelter is firm and advancing steadily. It is now held at 8½ to 8.37½. New York.

The whole argument, with respect to the individual citizen and general business, is decidedly on the side of those who advocate and practise economy. Save and you will be independent."

New Bond Issues

Find Ready Market

In the Dominion

In the Dominion

In the producer's lead committee has decided to fix the price for lead at 7.82½ cents, New York, and 7.52½ cents, New York, and 7.52 cents, New York, and 7.52 cents, New York, and 7.52 cents, New York, and 1.52½ cents, Chickens .- Fresh. bbls .. dry packed,

Squabs.—Prime, white, 6 to 10 lbs. and over to dozen, \$3.50@\$8; dark, per dozen, \$2@\$2.50; culls, per dozen, \$1 @\$1.50.

Live Poultry